



Sharon Mullin

Director Carlos Director Carlo

400 West 15th Street Ste 930 Austin, TX 78701

T: 512-870-2280 F: 832-213-0203

7000 FEB 12 P 1: 53 Sharon.Mullin@att.com

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Arizona Corporation Commission DOCKETED

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Ernest Johnson, Director **Utilities Division Arizona Corporation Commission** 1200 W. Washington Phoenix, AZ 85007

> Report Regarding Layoff of AT&T Employees in Arizona Pursuant to Re: Decision No. 68865: Docket Nos. T-02428A-06-0203, T-03016A-06-0203, T-03116A-06-0203, T-03287A-06-0203 and T-03346A-06-0203

Dear Mr. Johnson:

On behalf of AT&T Inc. ("AT&T"), the purpose of this report is to provide further information regarding the notification provided to you on October 15, 2007 regarding a surplus condition. This surplus condition was cancelled before employees received notification of its existence; no employee layoffs will occur in connection with the October 15, 2007 notification. If you have any questions regarding this report, please feel free to contact me at (512) 870-2280. Also, you can contact our local counsel, Mike Grant with Gallagher & Kennedy, P.A., at (602) 530-8291.

Very truly yours,

Tharm Mullin

Sharon Mullin

Director

AT&T Services, Inc.

cc (delivered): Ernest Johnson, Utilities Division (Delivered) Mike Grant, Esq.

Original and 23 Copies filed with Docket Control this 12th day of February, 2008.